The PRESIDING OFFICER. The amendment proposes new subject matter not dealt with in the underlying bill and therefore is not germane and falls for that reason.

Mr. BENNETT. Mr. President, I know of no further amendments or debate at this time. I ask the Chair to put the question before the Senate, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Oklahoma, [Mr. INHOFE], is necessarily absent.

The result was announced—yeas 90, nays 9, as follows:

[Rollcall Vote No. 214 Leg.]

YEAS—90

Abraham	Ford	Mack
Akaka	Frist	McCain
Bennett	Glenn	McConnell
Biden	Gorton	Mikulski
Bingaman	Graham	Moseley-Braun
Bond	Grams	Moynihan
Boxer	Grassley	Murkowski
Breaux	Gregg	Murray
Bryan	Hagel	Nickles
Bumpers	Harkin	Reed
Burns	Hatch	Reid
Byrd	Helms	Robb
Campbell	Hollings	Roberts
Chafee	Hutchinson	Rockefeller
Cleland	Hutchison	Roth
Coats	Inouye	Santorum
Cochran	Jeffords	Sarbanes
Collins	Johnson	Sessions
Conrad	Kempthorne	Shelby
Coverdell	Kennedy	Smith (OR)
Craig	Kerrey	Snowe
D'Amato	Kerry	Specter
Daschle	Kohl	Stevens
DeWine	Landrieu	Thomas
Dodd	Lautenberg	Thompson
Domenici	Leahy	Thurmond
Dorgan	Levin	Torricelli
Durbin	Lieberman	Warner
Enzi	Lott	Wellstone
Feinstein	Lugar	Wyden

NAYS—9

Allard	Brownback	Gramm
Ashcroft	Faircloth	Kyl
Baucus	Feingold	Smith (NH)

NOT VOTING—1

Inhofe

The bill (H.R. 4112), as amended, was passed.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the bill was passed, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from North Carolina.

Mr. HELMS. Mr. President, are we now in morning business?

The PRESIDING OFFICER. No. The Senator needs to make that request, if he wishes.

MORNING BUSINESS

Mr. HELMS. Mr. President, I ask unanimous consent that we now begin a period for morning business to be concluded at 12 o'clock noon.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I ask unanimous consent that I be recognized for no more than 20 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

CREDIT UNION MEMBERSHIP ACCESS ACT

Mr. HELMS. Mr. President, I have asked for this time this morning because this is the last week I will be here for a while. As of a week from today, I will have traded in my 1921 knees for some 1998 models. And during the time that I will be absent, the credit union issue will come up before the Senate. Now, I could duck the issue and probably make out all right, but I do not operate that way, and I feel I should not merely lay out for the record my views about this piece of legislation, but I should speak them publicly so that they can be known.

Mr. President, I suspect that most, if not all, Senators will agree that a certain type of democracy has, without question, been at work in terms of the astounding number of postcards and letters, faxes, telephone calls, et cetera, et cetera, et cetera, from representatives of the credit union industry at all levels. It would be an understatement, in fact, to describe the deluge as merely an impressive campaign. It is far more than that.

I have been around this place for quite a while, and I have spent many hours meeting with citizens on both sides of the credit union legislation that the Senate will shortly consider. I have seen North Carolinians who support H.R. 1151, the Credit Union Membership Access Act, and I have seen and visited with North Carolinians who are opposed to it.

In any case, the supporters of this bill are an important segment of our community. Credit unions provide basic, efficient, and affordable financial services. And I have to say for the record that North Carolina's credit unions do good work in providing for the needs of countless of their fellow hard-working Tar Heels.

Mr. President, it may be of interest to Senators from other States that this debate began in Randolph County, NC, which is the home of Richard Petty. And anybody who does not know who Richard Petty is, see me after I finish these remarks and I will fill them in on who Richard Petty is.

In February of this year, after a 7-year court battle, the Supreme Court handed down its decision on the case titled National Credit Union Administration v. First National Bank & Trust Co., which was a lawsuit involving several North Carolina financial institutions.

It may be that a bit of history will be useful at this point. Credit unions, as clarified in the preamble of the Federal Credit Union Act of 1934, were created by Congress ''to make more available to people of small means credit for provident purposes.''

In order to serve these individuals of ''small means,'' credit unions were awarded back then specific benefits that others did not have in connection with their carrying out a clearly defined purpose, which was to provide essential basic financial services.

Now then, these benefits, including exemptions from Federal taxes and the extraordinarily burdensome Community Reinvestment Act, CRA, as it is known around this place—have enabled the credit union industry to serve their customers with a marketplace advantage—very clearly an advantage—not allowed to other insured depository competitors which must pay taxes and which must abide by complex Federal regulations, which credit unions do not have to do.

In the early 1980s, the National Credit Union Administration used its regulatory power for significant alteration and expansion of the original intent of the Federal Credit Union Act.

Specifically, in 1982, the NCUA allowed credit unions to expand their memberships to include multiple employer groups, an action which effectively eliminated the meaning of the common bond. This, in fact, was the precise holding of the Supreme Court's February 1998 decision.

When this debate started, some shrewd Washington lobbyists—and that is about the best I can describe them—these lobbyists circulated the notion that the Supreme Court's intent was—now get this, Mr. President—the intent of the Supreme Court, they said, was to kick people out of their credit unions.

But what happened? Credit union members promptly began calling and writing to me, and all other Senators, I am sure, pleading with us to protect their right to remain members of their credit unions.

Mr. President, that of course never was in doubt, and these lobbyists knew it. But they struck fear in the hearts of the credit union members; hence the deluge of telephone calls and faxes and letters and visits and all the rest of it.

In no way—let me say this as plainly as I can—in no way will these membership rights be revoked from citizens who were credit union account holders prior to the February 25, 1998, Supreme

Court decision. I hope I have nailed down that falsehood pretty well.

Parenthetically, Mr. President, it should be made clear that such revocation has never—never—been remotely considered by anybody. It would have been fundamentally unfair for anybody to even think of it. It should also be emphasized that the banking industry is unanimously supportive of the position that it would be unfair.

Mr. President, I am persuaded that many Senators may have been incorrectly persuaded by the deluge of contacts with their constituents that small bankers are attempting to take away the account rights of credit union members, which, in fairness, Mr. President, is an absolute falsehood, and even the lobbyists who contend otherwise are bound to have known and know to this moment that it is false.

Let the record be clear, nobody—nobody—has a membership in a credit union where that membership depends on passing legislation that will allow the unrestrained expansion of credit unions.

Now, the fact is, most traditional credit unions were not, nor ever will be, affected by the Supreme Court decision of last February. The fact is, in that decision the Supreme Court supported the original statutory intent of the Federal Credit Union Act of 1934 that credit unions must have a common bond, that is to say, some reason to be considered as a group. In fact, the Court was unanimous in its interpretation of the law, identical in effect to the way it was written way back in 1934.

All right. You see, Mr. President, most credit unions operate under the definition of a ''common bond,'' as was clearly the intent of the Federal Credit Union Act.

Mr. President, most credit unions will continue to operate and the members will continue to benefit from their regulatory tax-exempt status—taxes that their competitors have to pay.

Now, the point is unmistakably clear. The only credit unions affected are credit unions that have expanded, in clear violation of the Federal Credit Union Act of 1934 which the Court upheld this year. The violation of this Federal Credit Union Act has been done in several ways—primarily by the unlawful inclusion of hundreds of groups, large and small, and thousands upon thousands of employees of these hundreds of groups.

Now, the change in the National Credit Union Administration regulatory policy launched the credit union industry into an era of unprecedented growth. For example, in the 8 months following the regulatory change, one credit union added more than 1,000 different groups. That was done in less than 8 months' time.

No longer were credit unions required to represent groups of individuals with common workplace or geographic interests, but hundreds of unrelated groups not joined by any commonality. Larger credit unions have used this newfound freedom to an advantage at the expense of their financial competitors.

This legislation—and the name of it, just for the Record, is the Credit Union Membership Access Act; the number is H.R. 1151—this legislation proposes to codify, to place into law, the NCUA 1982 regulatory interpretation and thereby invite another major expansion of the credit union industry. H.R. 1151 proposes to authorize multibonded credit unions to bring in groups of up to 3,000 members—a number, by the way, which NCUA can waive at its discretion—and would effectively allow credit unions to target every entity in the United States.

Now, the Bureau of the Census has declared that 99.9 percent of the businesses in the United States employ fewer than 3,000 workers. So you see the practical effect of allowing multibonded credit unions to bring into their membership groups which have less than 3,000 members would effectively repeal all limits of expansion on the credit unions which pay no taxes.

In summary, H.R. 1151, the Credit Union Membership Access Act, soon to be the pending business in the Senate, is a long way from the original concept and intent of the very clear common bond. According to the NCUA, to qualify for this tax-subsidized service—and that is what it is—one would simply have to walk in and sign up. It follows that many credit unions are moving beyond their original purpose of aiding individuals of ''small means'' with basic services. In fact, already such things as professional sports teams, yacht clubs, law firms, country clubs, and many, many others now have their own credit unions. I suggest that this exceeds any rational definition of individuals living by ''small means.''

In all fairness, the reason I am here this morning is H.R. 1151 does not qualify as simply a pro-credit union bill. It is really, if you want to call it what it is, an anti-competitiveness bill. If Congress wants to alter the intended dimensions of credit unions, Congress should be willing to say so clearly and not hide behind the guise—and that is what it is—that the intent of the soon-to-be pending legislation is to protect credit unions following the Supreme Court's ruling.

Now, then, in realty, Congress is setting the stage for the expansion and growth of the credit union industry into thousands upon thousands of new markets well into the 21st century, while continuing to be exempt from paying the Federal taxes that the competitors down Main Street have to pay.

If the credit union industry wants to expand its presence in the financial marketplace and increase its ability to offer various services to more and more groups—in short, if they want to operate like community banks—I commend their ambition because I believe that the banking industry will and should welcome them into the marketplace as long as credit unions are required to live under the very same tax structure and the very same regulatory morass that America's small community banks and small town bankers live with every day.

Let me be clear, as I wind up, that I oppose both higher taxes and burdensome regulation. If Congress chooses to allow credit union growth without taxation and without costly regulations, then let's be fair and do the same for America's community bankers, the small bankers who are competing for the same core of business without the benefit of a Federal subsidy paid by the American taxpayer.

It is unfortunate that the debate on this legislation up to now has pitted the banking interests versus the interests of the credit union industry. The debate should be about the willingness of Congress to provide a level and fair playing field for all financial interests. Is it equitable for credit unions, comprised of countless hundreds of groups and assets in the billions, to have a competitive advantage over small bankers who are competing for the same business? I am convinced the obvious answer to that is no. Unless and until this becomes a debate about fairness in the marketplace instead of a politically expedient response to a shrewd and energetic lobbying campaign, I cannot and will not support such misguided and tragically misunderstood legislation.

In closing, a few personal observations: Earlier, I mentioned the enormous public relations campaign crafted by lobbyists for the credit union industry. I am confident that every Senator's office has experienced this full court press.

This past week, in fact, a rally was staged right here on Capitol Hill by several thousand credit union supporters who had been brought to Washington to demand immediate passage of H.R. 1151, without amendments.

Now, I am genuinely impressed by the willingness of the credit union industry's supporters to travel to Washington to express their support for H.R. 1151. However, I must question the actions of some of the lobbyists who staged this demonstration on the Capitol steps and used distortion and half-truths and even untruths to get their message across. This undermines the integrity of the people who they purport to represent. I hope in the future they will use greater care in representing their constituencies.

So this debate boils down to an issue of fairness. Most Senators, including myself, have friends on both sides. I take great care in trying to ensure that the small guy, whether he is a bank customer or a credit union member, is given a fair and equal deal, the level playing field that we so often hear so much about. This bill does not represent a level playing field. Congress amended the Federal Credit Union Act in 1937 to give tax-exempt status to federally chartered credit

unions to serve a narrow purpose, not to give a distinct market advantage over their competition with the small bank down the street.

Now, it must be said that many credit unions such as the U.S. Senate Federal Credit Union, right here on Capitol Hill, have used this advantage judiciously in serving their clearly defined customer base.

The employees of the Senate are their customer base. They won't lose their membership. Nobody is about to lose their membership. That is all hogwash. Unfortunately, too many other large credit unions have expanded the reach of their tax-exempt status far beyond the original congressional intent—extending their Government-subsidized services to include hundreds upon hundreds of unrelated groups and businesses.

I say again, as a result of this tax-free status and their exemption from Federal regulations that require other financial institutions to reinvest in low-income areas, credit unions are able to offer deals on loan rates and checking accounts that most community banks simply cannot match.

It gives me no pleasure to stand here and take this stand, Mr. President. I could have kept silent and gone on down to North Carolina to have my sore knees fixed. But I am obliged to say, in conclusion, that if we allow credit unions to expand tax free and act more and more like banks, then we should at least try to ensure that there is a level playing field for all similar financial institutions. If we tax the banking industry, the small bankers, we should tax the credit unions—but I don't think we should tax either one of them. If we are to force banks to function under burdensome community reinvestment regulations, shouldn't we support equally demanding regulations for credit unions? Is this not, in the final analysis, just an issue of fairness? It would be simpler and easier for me to keep silent, but my conscience would not let me do so. I cannot engage in that luxury. I felt obliged to take my stand and I have done so.

Thank you, Mr. President, I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent for 15 minutes to speak in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES-RUSSIAN RELATIONS

Mrs. FEINSTEIN. Mr. President, at the end of this week, Vice President GORE is scheduled to depart for Moscow to conduct meetings in preparation for a summit meeting between President Clinton and President Yeltsin in September. I believe this meeting and the future summit is really long overdue and extraordinarily important. I would like to take a few minutes to speak about the relationship between our country and the new Russia.

United States-Russian relations today stand at a critical juncture. It has been almost a decade since the end of the cold war, and although we have made great strides in reestablishing the friendship that characterized relations between our two countries in the recent past, we have yet to establish the basis for the kind of partnership that is adequate to guide our two nations into the next century.

The Russian Federation is nearly twice the size of the continental United States. It covers 11 time zones, with a population of close to 150 million people. Lest we not forget, Russia is a country with a nuclear arsenal capable of annihilating the Earth many times over.

Few countries on this Earth have undergone the sort of wrenching political, economic, and social transformation that Russia is now going through. While China has moved slowly and carefully to release centralized control over its economy, the Russian model has moved rapidly, in a macro way, to embrace both economic and social democracy.

Today, Russia remains fragile. The United States has a huge stake in what happens now. Our goal must be to see that Russia remains a stable, modern state, democratic in its governance, abiding by its constitution and its laws, market-oriented and prosperous in its economic development, at peace with itself and with the rest of the world. A Russia that reflects these aspirations is likely to be part of the solution, rather than part of the problem, to world peace.

Conversely, a Russia that erects barriers against what it sees as a hostile world, that believes the best defense is a good offense—such a Russia could be in the 21st century just as it was for much of the 20th century—one of the biggest problems the United States and the rest of the world will face.

Russia may be down as a major power, but it is far from out. Although it is all too easy for some to look at Russia today and conclude that it is not a country that demands attention as a top U.S. foreign policy priority, that, in my mind, would be a grievous error in judgment. To place United States-Russian relations in a secondary category of concern is a surefire recipe for disaster. The United States has an enormous stake in the outcome of the present Russian struggle for democracy and free markets.

I believe that it is in Russia's own interests to conduct a concerted effort against the antidemocratic forces and the ultra nationalistic ones, against crime and corruption and, yes, against old Soviet attitudes and habits. This is the course which the government of President Yeltsin has undertaken, and he has done it despite many impediments that still stand in the way.

Too often we have been quick to point out the shortcomings and imperfections of the Yeltsin government and of Russia—and as recent questions regarding Russian assistance to the Iranian missile program indicate, there is some reason for deep concern.

I am fully supportive of the President's decision last week to sanction nine Russian companies for cooperation with Iran. In my mind, Russia's assistance to Iran indicates just how far Russia has yet to travel if it wants to be a full partner with the United States in the international community. But I must also note that the cooperation that Russia now provides is a welcome reversal of its stance of a few years ago. I hope that this new level of cooperation is a major harbinger of things to come.

Indeed, for those who care to look, there have been many positive developments in Russia over the past years—positive developments that include President Yeltsin's constitutionally based election and reelection in 1996, the defeat of hyperinflation, the end of the war in Chechnya in 1997, the signing of the NATO-Russia Founding Act, and successful Russian participation in joint peacemaking operations in Bosnia.

Russia has also made enormous strides in integrating into global economic and regional economic institutions, including the World Bank, the International Monetary Fund, the ASEAN Regional Forum, the Council of Europe, the Paris Club, and more. Russia has strengthened its ties to the European Union and is active in the United Nations and Organization for Security and Cooperation in Europe.

That is not to say Russian reform has scored a knockout blow against crime and corruption, or that the Russian economy is home free. In fact, the current economic crisis and resulting political instability presents the new democracy with its greatest challenge to date.

The package agreed to last week by Russia and the International Monetary Fund provides significant funding, we hope, to stabilize the Russian economy, and it contains major fiscal reform elements, including tax reform, some of which are going to be put in place, as well as far-reaching structural reforms to increase growth and free-market competition. It represents an important pledge by Russia to continue the development of a free-market democracy, and it is an important vote by the international community in the importance of this new Russia.

Russia may still be struggling, but it is my belief that it is on the cusp of a constructive interaction in the international community as a democracy. This must be encouraged. As one analyst wrote about World War II era Germany and Japan, ''There are no dangerous peoples; there are only dangerous situations, which are the result, not of laws of nature or history, or of national character or charter, but of political arrangements.''